

Exhibit K

PR-_____ – Fayette County

LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into between _____, whose address is _____, "LESSOR"; and the **COMMONWEALTH OF KENTUCKY**, acting by and through William M. Landrum, III, Secretary of the Finance and Administration Cabinet, for the use and benefit of the **DEPARTMENT OF MILITARY AFFAIRS**, 100 Minuteman Parkway, Frankfort, KY 40601-6168, the "COMMONWEALTH" or "LESSEE;"

WITNESSETH:

WHEREAS, the Department of Military Affairs has determined that construction under a "built-to-suit" Lease Agreement as authorized by K.R.S. 56.8161 to 56.8179 and 56.820, of a 64,000 square foot, aircraft hangar and related site work and infrastructure, all at Bluegrass Station, would promote the public purposes of the Department of Military Affairs, and would otherwise serve the best interests of the Commonwealth of Kentucky; and,

WHEREAS, the Department of Military Affairs submitted to the Secretary of the Finance and Administration Cabinet a request that the Finance and Administration Cabinet advertise for proposals as authorized by K.R.S. 56.8161, et seq., for construction of such facilities at Bluegrass Station; and,

WHEREAS, the Secretary of the Finance and Administration Cabinet approved the request of the Department of Military Affairs and solicited proposals for construction of the needed facilities; and,

WHEREAS, the Governor approved the request of the Department of Military Affairs and the determination of the Secretary of the Finance and Administration Cabinet by Determination

and Finding dated June 28, 2017, whereupon, the Finance and Administration Cabinet advertised for proposals from interested developers; and,

WHEREAS, it was determined upon review of proposals received in response to the request for proposals that the proposal submitted by the Lessor was the best proposal received and it was thereupon determined that it should be accepted;

NOW, THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, the receipt of which is hereby acknowledged by the parties, it is hereby understood and agreed by and between the Lessor and the Lessee as follows:

1. This Lease Agreement is entered into between the parties hereto pursuant to K.R.S. 56.820, the provisions of which, in effect on the date hereof, are incorporated herein and made a part of this Lease Agreement by reference. This Lease Agreement is also made and entered into in conformity with of the terms, conditions and stipulations contained in R.F.P. No. 102317, "Private Entity to Finance, Design, Develop, Construct, and Lease-Back (to the Commonwealth), a 64,000 square foot hangar and related infrastructure at Bluegrass Station, Lexington, KY", "as amended or supplemented by amendments thereto, issued by the Department for Facilities Management and Support Services, Finance and Administration Cabinet, Division of Real Properties, incorporated herein by reference, the same as if copied verbatim herein;

2. The Lessor and Lessee hereby acknowledge that the parties have simultaneously herewith entered into a separate Ground Lease, pursuant to K.R.S. 56.820(3), wherein the Commonwealth hereby leases to the Lessor herein the following described property, containing 6.01 acres, including improvements thereon, located in Fayette County, Kentucky, to wit:

LEGAL DESCRIPTION

Commonwealth of Kentucky
Bluegrass Station Division

LEGAL DESCRIPTION

Commonwealth of Kentucky
Bluegrass Station Division

LEASE AREA – BUILDING #352

3. As required by the terms and conditions of R.F.P. No. 102317, as amended, and as provided by K.R.S. 56.820, the Lessor covenants and agrees that it shall construct the buildings and appurtenant facilities on said tract in strict compliance with the terms of the aforementioned R.F.P and Lessor's proposal in response thereto, and hereby leases, lets and demises said buildings and appurtenances to the Lessee for the term as set forth in Paragraph 4 of this Lease Agreement.

4. The initial term of this lease shall commence on the date the building to be constructed on the above described property is accepted for occupancy by the Commonwealth, but not later than thirty (30) days after the Lessor's architect has certified that construction of the building has been completed, and shall extend through the 30th day of June of the second year of the then current fiscal biennium of the Commonwealth of Kentucky. The Lessee shall have successive options to extend the term of the lease for two (2) year periods after expiration of the initial lease term until the lease has been extended for a total of _____ months (_____ years) from the effective date, by which time the total cost of erection of the building and appurtenances shall be fully amortized. The options to extend the Lease shall be deemed exercised unless the Lessee gives the Lessor written notice not later than _____, prior to the expiration of the initial or the then current biennial extension term that the option to extend will not be exercised for the next ensuing biennial period. If the option to extend this

Lease Agreement is not exercised, Lessee shall be deemed to have exercised its option to purchase the leased premises pursuant to Section 5.

5. The Lessor hereby grants to the Lessee an option to purchase the leased premises at the expiration of the initial or any subsequent extension term for a price which shall be the balance of the total cost of erection of the building and appurtenances not amortized by the payments of rent previously made by the Lessee (for purposes of clarification, such price is set forth in the amortization schedule, attached hereto and made a part hereof as Exhibit A, under the heading "Early Buy-out Option" for the corresponding month that such option is exercised). Such option must be exercised, if at all, on or before _____ of the year in which the initial or then current biennial term is set to expire. In the event of the exercise of the option to purchase, or in the event that the lease is extended for the full _____ months (_____ years), the Lessor shall convey all improvements to the Lessee, free of any liens or encumbrances.

6. Subject to the provisions in Paragraph 4, above, the Lessee agrees to pay annual rent for the leased premises during the period commencing with the effective date of this Lease Agreement, through June 30, 20____, of \$37,760.00 per month, or \$453,120.00 annually including amortization cost for long-term financing. The \$453,120.00 shall be the "Total Annual Lease Cost" during such period or periods. The rent shall be paid in advance in monthly installments and shall be sent by United States Mail, first class postage paid, in time to reach the Lessor at its above mailing address not later than the 15th day of each month after the commencement of the initial lease term.

7. The Lessor shall not be authorized to convey the leasehold estate to a third party except with the written consent of the Adjutant General of the Kentucky Department of Military Affairs and the Secretary of the Finance and Administration Cabinet. Such consent shall not be required, however, in the case of a mortgage of the leasehold estate by the Lessor for the purpose

of obtaining financing for construction of the improvements; provided, that any such mortgage shall contain a provision authorizing the Commonwealth to pay off the indebtedness or otherwise cure the Lessor's default in its performance of the terms and conditions of any mortgage. In connection with any such mortgage, Lessee shall execute a Subordination, Non-Disturbance and Attornment Agreement in the form previously provided to the Lessee by the Lessor's lender.

8. The Lessee shall maintain the premises in good repair and tenantable condition, including heating and/or air conditioning equipment, for the life of this Lease Agreement, except during the first year warranty period and for manufacturer warranty items. Other than the items of equipment under warranty and for the casualty insurance required to be maintained and paid for by Lessor pursuant to Section 9, Lessee shall pay all costs and expenses associated with the leased premises, including, without limitation, all maintenance and utilities. Property on Bluegrass Station is exempt from Ad Valorem tax pursuant to KRS 132.195.

9. The Lessor shall keep the premises insured for its full insurable value against damage or destruction by fire, windstorm, earthquake or other casualty through a solvent insurance company authorized to do business in Kentucky. All such insurance coverage shall name the Commonwealth as additional insured. If the premises are partially destroyed or damaged by fire or other casualty rendering not more than twenty five percent (25%) of the premises either untenable or undesirable for habitation by the Lessee or its sub-lessees, Lessee may suspend this Lease by giving written notice to the Lessor within 15 days after such partial destruction or damage, and, if so suspended, no rent shall accrue to the Lessor after the date of such partial destruction or damage until after such damage is repaired and premises are considered tenantable by the Commonwealth. If the premises are destroyed or damaged by fire or other casualty rendering more than twenty five percent (25%) of the premises either untenable or undesirable for habitation by the Lessee or its sub-lessees, Lessee may terminate

this Lease by giving written notice to the Lessor within 15 days after such destruction or damage, and, if so terminated, no rent shall accrue to the Lessor after the date of such termination. Upon such termination, Lessee shall exercise its option to purchase the premises and shall pay to Lessor the purchase price calculated in accordance with Section 5; provided, that any proceeds payable under Lessor's casualty insurance policy shall be paid to Lessor and credited against the purchase price; provided, further, that if the proceeds payable under Lessor's casualty insurance policy exceed the purchase price, Lessee shall be entitled to retain such excess. Lessee shall maintain and pay for liability insurance with respect to the premises in amounts customary for Lessee's activities conducted thereon. All such insurance coverage shall name Lessor as additional insured.

10. The Lessor agrees that it shall commence construction of the warehouse building with delivery of this Lease Agreement by the Lessee. The Lessee agrees to an extension of time to commence construction where the cause for delay is beyond the control of the Lessor. After beginning construction, the Lessor will diligently prosecute construction of the building to completion according to the requirements of R.F.P. No. 102317, as amended, and the construction schedule associated therewith. The rights and duties of the Lessor and Lessee with respect to construction of the improvements, including provisions addressing liquidated damages should the construction schedule not be met, shall be governed by the provisions of R.F.P. No. 102317, as amended.

11. It is the intention of the parties hereto that this Lease Agreement shall not supersede, but shall be complementary to the terms and conditions of R.F.P. No. 102317, as amended, and this Lease Agreement shall be read in conjunction with such R.F.P. In the event of a conflict between a provision of this Lease Agreement and a provision of the R.F.P., this Lease Agreement shall prevail. If any provision of this Lease Agreement shall be held by a Court of competent jurisdiction to conflict with or be invalid under any statute or principle of law in effect

in this Commonwealth, such Lease provision shall be construed so as to harmonize with the requirements of the statute or principle of law if it is possible to do so, but if that cannot be done, the invalidity of such provision shall not affect the remainder of this Lease Agreement and this Lease Agreement shall be construed and enforced as if it did not contain such provision.

12. Notices by the Lessor to the Lessee, and by the Lessee to the Lessor, shall be delivered by the means set forth in the R.F.P. Notices to the Lessor shall be addressed to _____, at the address shown above, or to such other mailing address as the Lessor may hereafter indicate in writing. Notices to the Lessee shall be addressed to the Secretary, Finance and Administration Cabinet, Commonwealth of Kentucky, Room 383 Capitol Annex Building, Frankfort, Kentucky 40601.

13. If the Lessor materially defaults in the provisions of this Lease Agreement and does not cure such default within thirty (30) days written notice from Lessee, the Lessee may at any time after the expiration of such thirty (30) day period and while such default continues, terminate this lease agreement. Upon such instance of default and termination of this Lease Agreement (and the Ground Lease being simultaneously herewith executed and delivered by the Lessor and the Lessee herein), the Lessor shall peacefully surrender possession of the Leased Premises in favor of the Lessee.

14. The Lessor, the contractor, as that term is defined in K.R.S 45A.030(9) agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Furthermore, any books, documents, papers, records, or other evidence provided to the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, or the Legislative Research

Commission which are directly pertinent to the contract shall be subject to public disclosure regardless of the proprietary nature of the information, unless specific information is identified and exempted and agreed to by the Secretary of the Finance and Administration Cabinet as meeting the provisions of KRS 61.878(1)(c) prior to the execution of the contract. The Secretary of the Finance and Administration Cabinet shall not restrict the public release of any information that would otherwise be subject to public release if a state government agency were providing the service.

15. The parties hereby acknowledge that Lessee has the right to terminate this Lease Agreement upon thirty (30) days written notice pursuant to the provisions contained in K.R.S. 56.806(6). The parties acknowledge that this right is in addition to Lessee's right to purchase the leased premises pursuant to Section 5. In the event the Lessee exercises its rights under K.R.S. 56.806(6), it shall pay to the Lessor the purchase price calculated in accordance with Section 5. The parties further acknowledge that this Lease Agreement is not subject to K.R.S. 56.806(4) or (5).

IN TESTIMONY WHEREOF, the Lessor and the Lessee have subscribed hereto for convenience as of the date hereinbefore set forth but actually on the dates shown in the notary's acknowledgement of their respective signatures.

RECOMMENDED:

LESSOR:

Stephen R. Hogan, Major General,
KYNG
The Adjutant General

By: _____

RECOMMENDED:

Steve Collins, Director
Bluegrass Station Division
Department of Military Affairs

COMMONWEALTH OF KENTUCKY

COUNTY OF FAYETTE

I, the undersigned, certify that the foregoing Lease Agreement, was produced before me in my said County and State and duly acknowledged and sworn to by _____, for and on behalf of said company, as Lessor, on this _____ day of _____, 2017.

My commission expires: _____.

NOTARY PUBLIC, STATE AT LARGE, KY

LESSEE:
Commonwealth of Kentucky,

By: _____
William M. Landrum, III, Secretary of the
Finance and Administration Cabinet

COMMONWEALTH OF KENTUCKY

COUNTY OF FRANKLIN

I, the undersigned, certify that the foregoing Lease Agreement, was produced before me in my said County and State and duly acknowledged and sworn to by William M. Landrum, III, Secretary of the Finance and Administration Cabinet, as Lessee, on this _____ day of _____, 2017.

My commission expires: _____.

NOTARY PUBLIC, STATE AT LARGE, KY

Prepared by:

Patrick McGee, Attorney
Finance & Administration Cabinet
Room 392, Capitol Annex
702 Capitol Avenue
Frankfort, Kentucky 40601
502-564-6660

Approved:

Counsel to Governor:

COMMONWEALTH OF KENTUCKY:

MATTHEW G. BEVIN, GOVERNOR

DRAFT

Exhibit L

<u>BUYER</u>	Preview - PHASE I: <input type="checkbox"/> 'Commonwealth of Kentucky Solicitation', filled out and signed <input type="checkbox"/> Transmittal Letter <input type="checkbox"/> Narrative of Design Intent <input type="checkbox"/> Corporate Background and Experience <input type="checkbox"/> Financial <input type="checkbox"/> Affidavit, RFP page 47 <input type="checkbox"/> Violations pursuant to KRS 45A.485, RFP page 49, verified by Labor <input type="checkbox"/> Sworn Statement regarding Campaign Finances, RFP page 58 [3] <input type="checkbox"/> MBE Participation Form, Exhibit G <input type="checkbox"/> Ownership Disclosure Form, Exhibit H ***** EVALUATION SCORE SHEET EVALUATION CRITERIA <u>[(The Respondents with the three (3) highest total average scores from Phase I will make up the Short List of three (3))]</u>	
<u>MEMBER</u> <u>SCORE</u>	<u>PHASE I</u>	<u>MAXIMUM</u> <u>SCORE</u>
_____	Narrative design This section shall clearly and succinctly describe the Offeror's approach to this Project. Issues such as design intent, and coordination with and benefits to the Commonwealth and the Department of Military Affairs, should, at a minimum, be addressed.	15
_____	This section should also identify the composition of Offeror's proposed design/build team. This section shall also identify the 'downstream' team members—the composition of the design/build team, to include, but not be limited to: architectural firm, engineering firm, and all other contractors, subcontractors to be utilized in completing this project.	15
_____		30 Max.
(Total)		
_____	Corporate Background and Experience The corporate background and experience section shall include from the Offeror: Details of the background of the Offeror, date established, ownership (public company, partnership, subsidiary, etc.), company resources, and details of company experience relevant to the proposed project.	10
_____	List, if any, current or past similar construction projects developed/constructed/managed by the company. (Note: if the proposal is submitted by an individual, the same type of information will be required.)	25
_____	(Should the proposal be submitted by a non-builder, a corporation or business venture formed solely for the purpose of responding to this RFP, the above information shall be submitted for each individual within the said corporation, business venture or partnership)	35 Max.
<u>OFM</u>	Financial - OFFICE OF FINANCIAL MANAGEMENT (OFM) REVIEW Offerors must provide evidence that the completion of its proposed project (including design and construction) will be financially viable to its organization or team. The Offeror shall provide:	
_____	1. An audited financial statement for each of the last three years must be provided for the applicable legal entity submitting a proposal. This statement should, at a minimum, list all assets and liabilities and be certified by a registered certified public accountant who is not an officer of the company or individual submitting the proposal. Offeror should also include a statement of changes of financial position of the business entity within the last three- (3) years. If the Offeror is a new entity incorporated for the purposes of operation of this project, then Offeror must provide individual income tax records and financial statements for all owners and/or general partners with more than twenty percent- (20%) interest, for each of the last three (3) years.	7
_____	2. A current (unaudited) financial statement.	7
_____	3. Bank references for the company shall be provided including name, address, and current telephone number of the given financial institution. This should include a signed authorization for release of financial information from each bank listed.	7
_____	4. Projected design, development costs, and explained contingencies must be detailed.	7

<div>_____</div> <div>(Total)</div>	<div>5. A description of the proposed financing plan including, but not limited to, source of credit, terms of credit and repayment schedule. Source of credit will identify credit for construction as well as long term financing of structures.</div> <div>TOTAL SCORE PHASE ONE</div> <div>SIGNED: _____ DATE _____</div>	<div>7</div> <div>35 Max.</div> <div>100 MAX.</div>
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Exhibit M

GROUND LEASE

THIS LEASE, made and entered into this _____ day of _____, 2017, by and between the COMMONWEALTH OF KENTUCKY, MILITARY AFFAIRS, BLUEGRASS STATION DIVISION, ("Lessor" or "Commonwealth"), acting by and through the Secretary of the Finance and Administration Cabinet pursuant to KRS Chapter 45A and 56, and _____, whose address is _____ (hereinafter referred to as "Lessee").

WITNESSETH:

WHEREAS, it is the plan of the Department of Military Affairs, Bluegrass Station Division, to develop, expand, and maintain a business complex that will attract new business and continue to promote economic growth in the Commonwealth of Kentucky; and,

WHEREAS, the Department of Military Affairs has determined that construction under a lease/lease back arrangement as authorized by K.R.S. 56.820(3), of a building and related infrastructure at Bluegrass Station, will promote the public interest and needs of the Department of Military Affairs; and,

WHEREAS, the Department of Military Affairs submitted to the Secretary of the Finance and Administration Cabinet a request that the Finance and Administration Cabinet advertise for proposals for construction of such facility at Bluegrass Station; and,

WHEREAS, the Secretary of Finance, approved the request of the Department of Military Affairs and solicited proposals for construction of the needed facility; and,

WHEREAS, it was determined upon review of proposals received in response to the request for proposals that the proposal submitted by the Lessee was the best proposal received and it was thereupon determined that it should be accepted;

NOW, THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, the receipt of which is hereby acknowledged by the parties, it is hereby understood and agreed by and between the Lessor and the Lessee as follows:

1. This Lease Agreement is made and entered into in conformity with of the terms, conditions and stipulations contained in R.F.P. No. 102317, as (may be) amended, for the lease of land to a private entity to finance, design, develop, construct, and lease-back to the Commonwealth Building #352 – a 64,000 square foot, aircraft hangar and related site work and infrastructure, at Bluegrass Station, Lexington, Kentucky, issued by the Department for Facilities and Support Services, Finance and Administration Cabinet, Division of Real Properties, incorporated herein by reference, the same as if copied verbatim herein. It is the intention of the parties hereto that this Ground Lease shall not supersede, but shall be complimentary to the terms and conditions of R.F.P. 102317, as (may be) amended, and this Ground Lease shall be read in conjunction with such R.F.P. In the event of a conflict between a provision of this Ground Lease and a provision of the R.F.P., this Ground Lease shall prevail.

2. That for the term and considerations hereinafter set forth, the Lessor hereby leases and lets unto the Lessee those certain premises located within the grounds of Bluegrass Station in Fayette County, Kentucky, described in Exhibit A attached hereto and incorporated herein by reference (the "Leased Premises"), together with all improvements and appurtenances thereto, including access to and from the Leased Premises over roads of Bluegrass Station Installation leading to the Leased Premises.
3. Access to the site will be restricted and passes will be issued by Lessor; no unescorted foreign nationals will be allowed on site. All contractors, suppliers and others working on this project are responsible for their employees' conduct and all shall be confined to the project site unless granted access otherwise by Bluegrass Station.
4. This Ground Lease shall become effective the date executed by the Secretary of the Finance and Administration Cabinet and end _____ months (_____ years) thereafter. Either party to this Ground Lease may terminate this Ground Lease by giving thirty (30) days written notice to the other party, calculated from the date of the mailing of notice of termination. Termination of this agreement shall not be considered effective until the last day of the month in which said notice period ends.
5. The Lessee agrees to build, or cause to be built, on the Leased Premises, Building #352 – a 64,000 square foot, aircraft hangar and related infrastructure, which facility shall be constructed in accordance with the architectural plans and

specifications (the "Plans"), as supplied by the Lessee to the Lessor in response to R.F.P.#102317, as (may be) amended. Construction of the building shall not begin until the Plans have been approved by the Secretary of the Finance and Administration Cabinet, acting through the Division of Engineering and Contract Administration, of the Commonwealth of Kentucky, Bluegrass Station Division, and the Kentucky Department of Housing, Buildings and Construction. The Department of Housing, Buildings and Construction will review and approve drawings for plumbing, fire marshal compliance, handicapped accessibility, and Kentucky building code regulations; proof of such approval must be provided to the Division of Engineering and Contract Administration and Lessor before commencement of construction. If the Division of Engineering and Contract Administration or Lessor disapproves of the Plans, the Lessor shall give the Lessee an itemized summary of the reasons therefore, and the Lessee shall cause the Plans to be revised and resubmit the revised Plans for approval. The Lessor agrees to review the revised Plans within sixty (60) days after submission by the Lessee. In the event that the Plans are not approved within eight (8) months from the execution of this Ground Lease, then this Ground Lease shall be null and void and of no effect. It is understood and agreed by the parties hereto that any material variance from the plans and specifications submitted by the Lessee must receive the prior written approval of the Commonwealth.

6. The Lessee shall procure payment and performance bonds in favor of the Commonwealth in the amount of one hundred percent (100%) of the designated

amount of the project as security for the faithful performance of the construction required including liquidated damages and penalties and the payment of all persons who have and fulfill subcontracts which are directly with the Lessee. Such payment and performance bonds shall be issued by a reputable insurance company, authorized to do business in the Commonwealth. The Lessee shall, before beginning the construction/development of facilities, require of any subcontractor employed by the Lessee to construct said facilities, a surety bond or bonds in form satisfactory to the Commonwealth. These bonds shall protect the Leased Premises against the imposition of mechanics and materialsman's liens and guarantee performance of the construction subcontract. All bonds shall be executed by a surety company authorized to do business in the Commonwealth.

Performance and Payment Bonds Requirements:

1. Each bond furnished by the Lessee shall incorporate, by reference, the terms of the construction contract as fully as though they were set forth verbatim in such bonds. In the event a Change Order(s), executed by the Lessee, adjusts the Contract Sum payable under the construction contract, the penal sum of both the performance bond and the payment bond shall be deemed increased by like amount.
 2. Unless the project is exempt from the prevailing wage requirements of KRS 337.505-337.550, the Lessee's bond (s) shall include a provision that will guarantee the faithful performance and payment of the prevailing hourly wage as set forth in the schedule incorporated in the contract. **PROJECT IS EXEMPT FROM PREVAILING WAGES.**
7. The Lessee shall coordinate all design and construction procedures/activities in advance with Lessor's Administrative and Maintenance Points of Contact (POC).
 8. The Lessee, at its own expense, shall be responsible for providing for all construction trash and garbage disposal and removal from the entire project area.

All waste handling, storage, and removal shall comply with state and national health and environmental requirements.

9a. list requirements of RFP, as may be amended, here....

10. The Lessee shall not suffer or permit any mechanic's or materialman's lien to be filed against the the Leased Premises, by reason of work, labor services or materials supplied or claimed to be supplied to the Lessee or anyone holding the Leased Premises or any part thereof through or under the Lessee. If a mechanic's or materialman's lien shall be filed against the Leased Premises at any time, the Lessee shall cause the same to be discharged within sixty (60) days after the Lessee receives notice of filing thereof by payment, deposit, bond, order of court of competent jurisdiction, or otherwise. If the Lessee in good faith disputes the validity or correctness of any such lien, it may refrain from paying same or causing same to be discharged of record, but it shall diligently proceed to initiate and conduct appropriate proceedings to determine the correctness or validity of such lien, and the Lessee shall not be deemed to be in default under this Lease while such proceedings or litigation are being conducted in good faith by the Lessee. If the Lessee fails to cause any such lien to be discharged within the period aforesaid, or fails to contest the same as provided above, the Lessee shall be deemed to be in default under this Lease, and the Lessor may, in addition to any other right or remedy it may have, but shall not be obligated to, discharge the same by paying the amount claimed due, or by bonding proceedings, and in any such event, the Lessor shall be entitled to compel the prosecution of any such action for the

foreclosure of such mechanic lien by the lienor and to pay the amount of judgment for and in favor of the lienor with interest, costs and allowances. Any amount paid by the Lessor for any of the aforesaid purposes, together with the interest thereon at the then current prime interest rate, or the interest on judgments awarded in the Courts of the Commonwealth of Kentucky, whichever is the greater, shall be repaid on demand by the Lessee to the Lessor.

11. Nothing contained herein shall prohibit the Lessee from mortgaging its leasehold estate in the Leased Premises and/or the Lessee's rights in the facilities thereon to a bank or other lender for the purpose of securing financing for the construction of the facilities; provided, however, that the provisions and conditions of any mortgage of the leasehold estate are subject to the approval of the Lessor, with such approval not to be unreasonably withheld or delayed; and the obligation of said mortgage shall not constitute a debt of the Lessor or of the Commonwealth of Kentucky, and the lien created by said mortgage shall encumber only the leasehold estate in the property described in Exhibit A and hereby demised unto the Lessee, and not the Lessor's fee simple estate in said property.
12. Upon completion of construction of the facility, copies of all permits and certificates shall be submitted to the Division of Engineering and Contract Administration and the Bluegrass Station Division, along with "as built" plans.
13. Should the Lessee, after commencing construction, permanently abandon the facilities, title to all materials or improvements on the Leased Premises shall immediately vest in and become the property of the Commonwealth of Kentucky.

Provided, however, that the Lessee's lender shall have the right (but not the obligation) to cure any default as more particularly set forth in the Ground Lessor Estoppel, Consent and Nondisturbance Agreement between Lessee's lender and Lessor. Lessee shall be responsible for any costs incurred by the Lessor in removing or disposing of any materials or improvements. The right is hereby reserved to the Lessor, its offices, agents, and employees, to enter upon the Leased Premises at reasonable times to inspect the Leased Premises, the construction of the building, equipment, or for any other reasonable purposes in connection with this Ground Lease.

14. If Lessee defaults in the performance of any of the terms specified herein to be performed by Lessee in any material respect, or if Lessee commits waste or inflicts unnecessary damage on the Leased Premises, either intentionally or as a result of gross negligence, Lessor may at any time while such default continues or before the replacement or repair of such waste or damage, upon forty-five (45) days written notice, declare the term of this Ground Lease ended and enter into possession of the Leased Premises and the building thereon, and sue for and recover all rents and damages accruing under this Ground Lease and arising out of any violation thereof; or, without declaring this Ground Lease void and enter into possession of the Leased Premises and facilities. Lessor may sue for and recover damages accrued or accruing under this lease and arising out of any violation thereof of Lessee.

15. In the event this Ground Lease is terminated by Lessor prior to the expiration of

the lease term, for any reason other than default, Lessor shall pay to Lessee a termination settlement equal to the balance of the total cost of erection of the building and appurtenances not amortized by the payments of rent previously made by the Lessee.

16. In the event that any telephone, water, sanitary or storm sewer lines, or electricity lines need to be relocated, for whatever reason, the expense of such relocation shall be the responsibility of the Lessee.

17. The Lessee shall not voluntarily, involuntarily, or by operation of law assign, sublet, mortgage or transfer this Ground Lease or any interest created therein to any other person, partnership, corporation or other entity without first notifying and obtaining the prior written consent of the Department of Military Affairs and the Finance and Administration Cabinet. Any attempt to assign, sublet, mortgage or transfer, this Ground Lease or any interest created therein without such consent shall be void. If an assignment, sublet, mortgage or transfer of this Ground Lease is made with the consent of the Commonwealth, the Lessee shall not be relieved from the performance of the terms of this Ground Lease or from the performance of all other terms, covenants and conditions of this Ground Lease. If the Lessee is a corporation, then any transfer of the agreement by merger, consolidation or liquidation, or any change in ownership of, or power to vote the majority of its' outstanding voting stock shall constitute an assignment for the purposes of this section. If consent is once given by the Commonwealth to any such assignment, mortgage or subletting, such consent shall not operate as a waiver of the necessity

for obtaining the Commonwealth's consent to any subsequent assignment, mortgage or subletting. Furthermore, any change in the Lessee's business status, i.e., partnership, corporation, should be reported to the Commonwealth immediately.

Except as permitted by Section 11 of this Ground Lease, no assignment, subletting, transfer or mortgage of Lessee's interest in the property shall be effective or binding against the Commonwealth until such time as the assignee and the Commonwealth execute an amendment to this Ground Lease reflecting such transfer.

18. The Lessee shall furnish Builder's Risk Insurance, including the perils of fire, extended coverage, vandalism and malicious mischief in an amount of not less than one hundred percent (100%) of the insurable value of all the work and the coverage, written on the Completed Value Form 17-C, latest edition, including extended coverage endorsement Form #61, latest edition, and malicious mischief endorsement Form #205, latest edition, or on the "All Risk Completed Value Form". Such insurance shall be for the benefit of the Lessee and any subcontractor engaged on the project, as their respective interest may appear. The Builder's Risk Insurance must be dated and in force on the date indicated in the documentation to begin work. The insurance coverage required by this Ground Lease shall be in compliance with the laws of the Commonwealth and shall be placed with a licensed resident local agent in Kentucky who represents insurance companies authorized to do business in Kentucky. The contract amount shall be

insurable value unless otherwise noted in the contract documents. All insurance certificates shall be submitted in duplicate to the Lessee and Commonwealth and carry the provision that a 30-day written notice shall be given prior to cancellation by the company to the Lessee and the Lessor.

19. The Lessee shall indemnify and hold harmless the Lessor, and its sub-lessees, any of their departments or agencies, or officers or employees, from any and all claims, demands, damages, actions, costs, including attorney fees, and charges which the Lessor or the Lessee may have to pay by reason of injury to any person or property or loss of life or property resulting from or in any way connected with the character, condition or use of the Leased Premises or any means of ingress thereto, or egress therefrom, or resulting from the Lessee's operations on the premises, unless such injury or loss arises directly from the negligence of the Lessor, any of its sub-lessees, departments or agencies, or officers or employees while acting within the scope of their employment.

The Lessee shall, at its own expense, assume defense of such claims and actions for damages arising out of such injuries or losses which may be brought against the Lessor by third persons; and shall pay such judgments that may be rendered in such actions, unless such claims or actions for damages and/or judgments arise directly from the negligence of the Lessor, and any of its departments or agencies, or any of its officers, agents or employees while acting within the scope of their employment.

20. Lessee shall not in its operations discriminate on the basis of race, color, religion, age, sex, ethnic origin, or physical or mental impairment. If at any time any act of Lessee threatens to interfere with any federal or state contract or grant of or to Lessor, Lessee shall have sixty (60) days after receiving written notice from the Lessor in which to rectify the activity, and in the event that the activity is not corrected, the Lessor reserves the right to terminate this Ground Lease, with any resulting expense to be borne by Lessee.

21. The Lessor may terminate this Ground Lease because of the Lessee's failure to perform the terms and conditions of the contract or lease. If the Lessee is determined to be in default, the Lessor shall notify the Lessee of the determination in writing, and may include a specified date by which the Lessee shall cure the identified deficiencies. The Lessor may proceed with termination if the Lessee fails to cure the deficiencies within the specified time.

A default in performance by the Lessee for which this lease may be terminated shall include, but shall not necessarily be limited to:

- (a) Failure to perform the lease according to its terms, conditions and specifications;
- (b) Failure to make delivery within the time specified or according to a delivery schedule fixed by the contract;
- (c) Late payment or nonpayment of bills for labor, materials, supplies, or equipment furnished in connection with a contract for construction services as evidenced by mechanics' liens filed pursuant to the provisions of KRS Chapter 376, or letters of indebtedness received from creditors by the purchasing agency;
- (d) Failure to diligently advance the work under a contract for construction services;
- (e) The filing of a bankruptcy petition by or against the Lessee; or
- (f) Actions that endanger the health, safety or welfare of the Commonwealth or its citizens.

- (g) Failure to provide proof of project financing by a date determined in the sole discretion of the Commonwealth.
- (h) The cure provisions set out in the RFP do not apply to subparagraph (g).

The Lessor shall not be liable for any further payment to a Lessee under a contract terminated for the Lessee's default after the date of termination as determined by the purchasing officer except for commodities, supplies, equipment or services delivered and accepted on or before the date of termination and for which payment had not been made as of that date. The Commonwealth may require the Lessee to transfer title and deliver to Commonwealth completed supplies and manufacturing materials. The Lessee and its surety, if a performance or payment bond has been required under the lease/RFP, shall be jointly and severally liable to the Commonwealth for all loss, cost or damage sustained by the Commonwealth as a result of the Lessee's default. The Lessee's surety liability shall not exceed the final sum specified in the contractor's bond.

The Lessee shall be liable to the Commonwealth for any excess costs incurred in acquiring supplies and services similar to those terminated for default, and for any other damages or remedies available either at law or in equity.

Upon delivery by certified mail to the Lessee of a Notice of Termination specifying the nature of the termination, the extent to which performance of work under the agreement is terminated and the date upon which such termination becomes effective, the Lessee shall stop work under the agreement on the date indicated and to the extent specified in the Notice of Termination.

22. Lessee shall maintain in force at all times comprehensive liability insurance in amounts no less than five hundred thousand dollars (\$500,000) for one person and five million dollars (\$5,000,000) for more than one person involved in one accident to protect the Commonwealth of Kentucky, the Department of Military Affairs, and Lessee from claims for bodily injury or death or property damage which may arise from the existence and operation of the Leased Premises. A certificate of insurance shall be submitted annually to the Director of Bluegrass Station Division for review and approval as to the policy limits and terms. The minimum policy limits may be increased for time to time when the Director of Bluegrass Station Division reasonably determines that an increase in policy limits will be in the best interest of the Commonwealth and the general public, so long as such increase is customary for properties reasonably similar to the leased premises. Such policy or policies of insurance shall inure to the benefit of both the Lessor and Lessee, and both of them shall be listed as co-insureds in said policy or policies; provided, however, that the insurance carrier shall not be permitted to raise the defense of sovereign immunity to any suit brought against either of the insured except as relates to the Lessor in any case where the amount of the claim exceeds the policy limits.

23. The Lessee will be required to obtain, from a reputable insurance company authorized to do business in the Commonwealth, and carry liability of indemnity insurance providing as a minimum, a combined single limit of \$5,000,000 for any number of persons and/or claims. Said insurance shall name the Commonwealth

as additional insured and shall also provide that said policy shall not be subject to cancellation, termination or change without at least thirty (30) days prior written notice to the Commonwealth. The Lessee must furnish a copy of its insurance policy to the Department of Military Affairs prior to commencement of operations, and on an annual basis thereafter for the full term of the lease and any renewals thereof.

After award of the lease, the minimum liability amounts of required coverage established under this Section shall be subject to modification by the Commonwealth, upon sixty (60) days written notice to the Lessee.

24. During the term of this Ground Lease, the Lessee shall maintain, at the Lessee's sole expense, fire and extended coverage insurance, including theft and vandalism, covering the proposed development in an amount equal to its full replacement cost value. Lessor shall carry and maintain during the term of the lease, at Lessor's sole cost and expense, fire and extended coverage excluding contents. Said insurance shall name the Lessee as additional insured. Certificates of such policies shall be available to the Lessee within thirty (30) days of the beginning and prior to the expiration of the term of each policy. Renewal or additional policies shall be obtained and maintained by Lessor in like manner and to like extent. All policies of insurance must contain a provision that the company writing the policy will give the Lessee thirty (30) days advance written notice of any cancellation or lapse of the effective date or any reduction in the amounts of insurance.

25. The Lessee shall be responsible for paying all state and federal taxes assessed against the project development and the operations conducted on the demised premises. Lessor shall be responsible for any local (LFUCG) property tax and storm water fee. Bluegrass Station properties are exempt from local property taxes under KRS 132.195. Lessor shall be responsible for storm water fees.
26. Lessee, as defined in KRS 45A.030(9), agrees that the Department of Military Affairs, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records or other evidence which are directly pertinent to this Lease for the purpose of financial audit or program review. Furthermore, any books, documents, papers, records or other evidence provided to the Department of Military Affairs, the Finance and Administration Cabinet, the Auditor of Public Accounts, or the Legislative Research Commission, which are directly pertinent to this Lease shall be subject to public disclosure regardless of the proprietary nature of the information, unless specific information is identified and exempted and agreed to by the Secretary of the Finance and Administration Cabinet as meeting the provisions of KRS 61.878(1)(c) prior to the execution of this Ground Lease. The Secretary of the Finance and Administration Cabinet shall not restrict the public release of any information, which would otherwise be subject to public release if a state government agency was providing the service.

27. It is agreed by the parties hereto that all questions as to the execution, validity, interpretation, construction and performance of this Ground Lease shall be governed by the laws of the Commonwealth of Kentucky. Furthermore, the parties hereto agree that any legal action, which is brought on the basis of said Ground Lease, shall be filed in the Franklin Circuit Court of the Commonwealth of Kentucky.

If any provision of this Ground Lease is declared invalid or unenforceable, then the remainder of said Ground Lease shall continue in full force and effect.

28. Upon completion of the improvements constructed by the Lessee on the Leased Premises, the Lessee shall lease such improvements back to the Commonwealth under the terms and conditions of a separate lease agreement executed by the Lessor and Lessee simultaneously with this Ground Lease.

IN WITNESS WHEREOF, the parties hereto have set their hand on this the day and year first above written.

Recommended:

Department of Military Affairs

Lessee:

BY: _____

Title: _____

COMMONWEALTH OF KENTUCKY

COUNTY OF FAYETTE

I, the undersigned, certify that the foregoing Lease Agreement, was produced before me in my said County and State and duly acknowledged and sworn to by _____, as Lessee, on this _____ day of _____, 2017.

My commission expires: _____.

NOTARY PUBLIC, STATE AT LARGE, KY

Examined as to Form and Legality:

Patrick W. McGee, Assistant General Counsel
Finance and Administration Cabinet

LESSOR:
Commonwealth of Kentucky

By: _____
William M. Landrum, III, Secretary of the
Finance and Administration Cabinet

COMMONWEALTH OF KENTUCKY
COUNTY OF FRANKLIN

I, the undersigned, certify that the foregoing Lease Agreement, was produced before me in my said County and State and duly acknowledged and sworn to by William M. Landrum, III, Secretary of the Finance and Administration Cabinet, as Lessor, on this _____ day of _____, 2017.

My commission expires: _____.

NOTARY PUBLIC, STATE AT LARGE, KY

Approved:

Matthew G. Bevin, Governor
Commonwealth of Kentucky

Examined:

Counsel to Governor

This Instrument was Prepared By:

Patrick W. McGee, Assistant General Counsel
Finance and Administration Cabinet
Office of General Counsel
Room 392, Capitol Annex Building
Frankfort, Kentucky 40601
(502) 564-6660